



Minority Business Development Loan Fund

Program Guidelines

The TVA Minority Business Development Loan Fund (MBDLF)

The MBDLF is a revolving loan fund established to support the start-up, growth, and expansion of minority and other socially and economically disadvantaged business owners in the Valley. The program is designed to stimulate capital investment, encourage job creation, build entrepreneurial capacity, and create wealth to advance the economic well-being of the growing minority business sector.

E L I G I B I L I T Y

TVA funds must be used by firms engaged in the production and/or sale of goods and services within the Valley. Firms must demonstrate at least 51 percent ownership and control by one or more members (“qualified member”) of a socially and economically disadvantaged group. All firms must demonstrate economic disadvantage (qualified member generally has net worth less than \$250,000). With respect to social disadvantage, a person may be presumed to qualify (in the case of Black, Hispanic, Native American, Asian Pacific, or Subcontinent Asian American) while others may qualify by showing actual disadvantage as a result of negative experience in business (such as a distinguishable feature like sex, isolated geographic location, disability, etc.). “Social and economical disadvantage” have the meanings described in the Small Business Act (15 U.S.C. Section 637(a)). A strong management team with proven experience is preferred.

P R O J E C T C R I T E R I A

Financing Structure: TVA promotes structures that enhance the firm’s future access to traditional sources of capital. TVA directly, or through cooperating lending partners, makes loans or other financial arrangements to foster minority economic growth. The fund utilizes flexible financing structures such as direct loans, companion loans, guarantees, and/or participatory loans.

Use of Proceeds: TVA funds may be used for equity, debt financing, or other financial arrangements as TVA may deem appropriate. Direct loans are made for fixed assets such as property, buildings, and equipment. Other types of financing arrangements, including working capital, contract financing, loan guarantees, and participatory loans, are made through partnership agreements with lending partners.

Terms of Loans: Loans typically range from \$50,000 up to \$500,000. Loans are generally awarded for a period of 3 to 10 years—from 5 to 7 years for equipment and 8 to 10 years for real property. Repayment schedules will be determined on a project-by-project basis. Loans are typically below market rate, with specific rates to be determined on a case-by-case basis after considering the loan evaluation criteria.



Leveraging: Each TVA dollar invested should leverage additional funding from other sources. Generally, a minimum of one job should be created or retained for every \$20,000 invested by TVA.

Collateral: All loans should be secured with fixed assets and may be subordinated. Personal or corporate guarantees may be required.

Evaluation: Loans are evaluated based on a project's financial viability, management quality, community impact, jobs created, and funds leveraged.

Procedures: Loan requests should be submitted through the nearest TVA Economic Development regional office. Once the regional office completes an initial assessment, loan requests are reviewed by the TVA Economic Development Loan Review Team. The regional office provides notification of loan decisions.

For more information about the TVA Minority Economic Development Loan Fund, call the TVA Customer Service Center that serves your region.

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Jackson, TN 38305
731-664-4051

Mississippi

P.O. Box 470
Tupelo, MS 38801
662-690-3600

Kentucky

700 Hammond Plaza
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270-887-8455

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P.O. Box 292409
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